Continuing the Co-operative Sector & Government Partnership

A MANDATE PAPER

Saskatchewan
Economic and
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THE CO-OPERATIVE SECTOR AND THE GOVERNMENT OF SASKATCHEWAN
CONTINUING THE PARTNERSHIP

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I. Purpose of the Document

This document sets out the relationship between the Government of Saskatchewan and the co-operative sector. This relationship is a positive and productive one that continues to evolve on the basis of shared objectives and mutual commitment to attaining them.

This document builds on the 1993 document *Building Effective Partnerships: The Co-operative Sector and the Government of Saskatchewan*. It confirms and reinforces the government's commitment to the sector and to its own core values of co-operation, community and partnership, values that are the foundation of the co-operative sector in Saskatchewan.

II. Mandate and Objectives

The following mandate statement and objectives were developed, submitted to and approved by Cabinet in 1993. Since that date, it has formed the basis of the relationship between the government and the co-operative sector, and is the foundation upon which government policies, programs, services and activities with and for co-operatives are based.

Consultations with the co-operative sector suggest that the mandate and objectives are still valid and should continue to be the basis of the government's activities and commitment.

Mandate: To promote and support the use of co-operative structures, principles and business practices to strengthen and enhance the province's economy and society.

Objectives:

1. *Improving and strengthening relations between the co-operative sector and government, and fostering an awareness of co-operatives and the co-operative model in all areas of government.*
2. *In consultation with the sector, identifying and pursuing opportunities for economic growth, development and diversification which will benefit the sector and the economy of the province.*
3. *Promoting and supporting the development of new co-operatives in traditional and non-traditional areas of activity.*
4. *Developing co-operative responses to problems resulting from rural restructuring, co-operative models for community development and community economic development, and co-operative approaches to co-ordinating economic renewal.*
5. *In consultation with the sector, developing resource materials for and about co-operatives, conducting research and analysis, and promoting and publicizing the sector and its accomplishments.*
6. *Working with the sector and Saskatchewan Justice to ensure an effective legislative and regulatory environment which supports government and sector requirements, and to ensure that sufficient and appropriate data are available to facilitate policy and program planning.*

In order to meet these six objectives, the policies, programs and activities, the government is committed to sustaining a strong liaison and ongoing dialogue with the co-operative sector. The cornerstone of this relationship is a commitment to consultation, collaboration and co-operation with the co-operative sector at-large and the Canadian Co-operative Association, Saskatchewan Region, which is the co-operative "industry association" representing most co-operatives in the province. This productive relationship contributes to the establishment of innovative policies and programs that support the development of co-operatives, and to the application of the co-operative model in new and traditional ways. It also provides a forum where the co-operative sector and the provincial government can discuss issues, explore development opportunities, and pursue potential partnerships.

III. Co-operatives in Saskatchewan

Co-operatives are a unique organizational structure formed by groups of individuals and/or organizations to meet defined economic and social objectives. Control rests equally with all members ("one member, one vote") and surplus earnings are either shared by members in proportion to their use of the services, or retained by the co-operative for the benefit of all members. The goal of a co-operative is to maximize the well-being of members, and therefore has a stake in community development and community well-being.

Co-operatives have played and continue to play a major role in the economic and social development of Saskatchewan. The formation of co-operative enterprises at the turn of the century arose out of the struggles of rural people and communities to gain control over local economies and to obtain necessary services. Co-operatives have since evolved into an extensive network that serves rural and urban communities across the province.

Co-operatives today are engaged in a wide range of activities. More than 1500 co-operatives are operating in Saskatchewan in areas that include agriculture and resources, community development, recreation, child care, health care, education, retail and wholesale, community and financial services. All of these businesses are important to their members and to the communities they serve.

Co-operatives vary greatly in size and scope from small micro-businesses to two of the largest businesses in Saskatchewan, the Saskatchewan Wheat Pool and Federated Co-operatives Limited. Twenty of the top 100 Saskatchewan businesses are co-operatives. In many communities in the province, the co-operative store, the credit union and co-operative recreation centre are the principle businesses and services.

Saskatchewan has a long tradition of dedication to the co-operative way of doing business and providing services. Through its principles of democratic control and open membership, the co-operative model has provided the province's residents with the means to shape the economic and social conditions of their communities and society. The co-operative sector also plays a key role in providing essential employment in rural communities.

IV. Economic Impact

A recent study conducted by the Centre for the Study of Co-operatives indicates the impact the co-operative sector has on the Saskatchewan economy. In 1998, co-operatives generated revenues of nearly $7.8 billion, an increase of $900 million from 1996. Net savings for co-operative members in 1998 totalled $190 million, and capital investment by co-operatives exceeded $247 million, double the level of capital investment in 1996.

Co-operatives in Saskatchewan employ more than 15,000 people with an annual payroll in excess of $440 million. Saskatchewan residents have nearly one million active memberships in co-operatives with many being members of several co-operatives.

V. Social Impact

As important as this economic impact is, co-operatives are also important to the social development of the province and the communities they serve. Co-operatives are organizations of people and by their nature are social organizations concerned with accruing benefits to their members and to their community. Many co-operatives, such as community centres, rinks, recreation centres and others, are formed to support social activity. Others such as child care co-operatives provide important social services to our communities.

This strong social commitment has helped sustain many co-operatives, including some in our smallest communities. The success of a co-operative is dependent on a committed membership. This includes the support of thousands of volunteer directors, committee members and members. This network of social support has helped strengthen leadership in communities as a whole and has allowed many co-operatives in Saskatchewan's smallest communities to continue operations even after many other businesses may have moved elsewhere. These co-operatives provide essential employment and services to residents and have a significant impact on the survival of rural communities.

VI. Role of Government

The Government of Saskatchewan has a long established role in encouraging the development and expansion of co-operatives. In 1913, the province's first co-operative legislation was passed and a Co-operative Organizations Branch was established in the Department of Agriculture. This helped support thousands of citizens initiate the development of hundreds of co-operatives in the retail, agriculture, and community service areas. Credit union legislation in 1937 initiated the growth of the credit union movement.

In 1944, the provincial government established the Department of Co-operation and Co-operative Development, the first of its type in North America. The creation of this department greatly increased public and internal government awareness of and support for co-operatives. Expansion of programs and services by the government contributed to significant growth in the number and range of co-operatives developed in the province. The department provided development services to co-operatives, financial programs and administered provincial legislation governing co-operatives and credit unions.

In the decades following 1944, the co-operative and credit union sector grew and developed. Credit unions and the network of retail co-operatives developed strong, second tier co-operatives in what is now Credit Union Central of Saskatchewan and Federated Co-operatives Limited. Increasingly, the larger co-operatives assumed a greater role in their own development and regulation. The department continued to be responsible for the development and regulation of co-operatives, but its focus centred more on the development of community service co-operatives and delivery of programs in such areas as child care, housing and agriculture.

The Department of Co-operation and Co-operative Development was dissolved in 1987. Responsibilities for legislation and regulation were transferred to what is now the Department of Justice. Responsibility for co-operative development programming and liaison went to what is now the Department of Economic and Co-operative Development (ECD).

During the past several years the funding dedicated to co-operatives and co-operative development has been increased. This funding is enabling ECD to strengthen its support to existing co-operatives, and to provide specialized support to developing co-operatives. It is also increasing its support for research into new applications of co-operative models, and is expanding its co-operative promotion and education activities.

In 1998, to support the implementation of its co-operative mandate, ECD, in consultation with the co-operative sector, developed a Co-operative Work Plan. This work plan focuses on customer service, community and co-operative development, policy and awareness. It sets out priority activities, time frames and measures for success in achieving its objectives.

To implement this work plan, ECD will continue to work closely with the province's co-operatives and co-operative organizations to respond to their issues and concerns and to support the development and expansion of co-operatives throughout Saskatchewan. It involves the whole department, including the Minister, Executive Management, and the Policy and Co-ordination and Operations Divisions.

The Minister, Deputy Minister, and other department officials participate on a regular basis at co-operative sector meetings and events. This includes participation on CCA Region Council, Saskatchewan Wheat Pool/Deputy Ministers Meetings, Government/Co-operative Sector Senior Officials Working Committee and other committees, adhoc meetings and events.

The Policy and Co-ordination Division works with co-operatives and others to ensure government policy and legislation supports the development and expansion of the co-operative sector. With respect to legislation, Saskatchewan is a leader in developing effective legislation and regulations including *The Co-operatives Act, 1996* and *The Credit Union Act, 1998*. In 1999, the government passed *The New Generation Co-operatives Act* which provides a legal framework for the province's agricultural producers to develop, finance and operate co-operatives to process or otherwise add value to their primary produce.

In 1998, seven Co-operative Development Co-ordinators were appointed in the Operations Division to promote co-operative action and support the development of new commercial and community service co-operatives throughout Saskatchewan. Co-operative Development Co-ordinators provide the following key services:

- promotion of the co-operative organizational model;
- provision of information on business and organizational development;
- assistance to developing co-operatives in accessing required training and development;
- provision of advice on the preparation and development of feasibility studies and business plans;
- assistance to groups in accessing information from other departments, organizations and individuals; and
- support the development of partnerships with existing co-operatives and other organizations.

The Operations Division administers the Co-operative Development Assistance Program (CDAP) which provides grants to support the development of co-operatives. CDAP was introduced in 1998.

ECD also develops resource materials to promote co-operation and co-operative development, and to assist groups to organize and operate their co-operatives.

APPENDIX

Key Co-op Organizations:

The Canadian Co-operative Association (National)

The Canadian Co-operative Association (CCA) is the national apex organization representing 34 key anglophone co-operatives across Canada. Formed in 1987 through the merger of the Co-operative College of Canada located in Saskatoon, and the Co-operative Union of Canada located in Ottawa, the CCA supports and promotes co-operative enterprise in Canada and around the world. CCA's national office is in Ottawa.

CCA supports its member organizations through the provision of the following services: government affairs and policy; business facilitation; planning & co-ordination; information; education and training; the provision of a "common table" to bring various co-operative sectors together; co-operative development; and communications.

CCA Saskatchewan Region

At the provincial level the CCA Saskatchewan Region represents ten co-operatives operating in the province. Its key activities are:

- government relations, including communication and advocacy initiatives to ensure that co-operatives and the government can work effectively together and that government policy and legislation is conducive and equitable to co-operative development;
- education, including leadership development and co-operative education to youth, directors and delegates of co-operatives and employees plus support for inclusion of content on co-operation and co-operatives in school curriculum;
- co-operative development, by promoting the co-operative model for community and economic development, and sponsoring forums relating to the current and future environment;
- promoting education and understanding of international development issues and support for CCA's international development activities.

Le Conseil de la Coopération de la Saskatchewan

Le Conseil de la Coopération de la Saskatchewan (CCS) is the provincial organization dedicated to helping and encouraging the development of co-operatives within French-speaking communities in Saskatchewan. Services provided include:

- technical assistance with economic projects at the personal, community or regional level;
- identification of economic projects by using the active forces of the communities;
- to coordinate the regrouping of people or communities to prepare and promote projects of partnership where the need exists;

- to promote co-operative principles and structures;
- to identify the economic needs - self-financing, financial diversification and preparation of an action plan in the short and long-term;
- to coordinate community projects by the means of a regional economic development agent;
- a link between the people, communities and areas with all governmental authorities and/or associations connected to economic development; and
- to be a facilitator of development in all projects connected to economic development.

Major Co-ops

Saskatchewan Wheat Pool (Pool)

The Pool is the largest grain handler and agricultural co-operative in Canada, as well the largest publicly traded co-operative with approximately 50,000 active farmer members. Since it was formed in 1924, the Pool has taken an active leadership role in the development of agricultural policy for and on behalf of Saskatchewan farmers. The Pool now has annual total sales of more than $3.6 billion, in 1998-99, and employs 3,000 people across Canada, a majority in Saskatchewan.

Federated Co-operatives Limited (FCL)

FCL is a wholesaling, manufacturing and administrative organization owned by 300 retail co-operatives across Western Canada representing 900,000 local members. Retail co-operatives provide their members with a variety of goods and services ranging from petroleum, food, and general merchandise to crop supplies and feed. They generate many benefits on behalf of their members, including equity and cash back, personalized service, quality products and community support. The surplus or 'savings' generated by each retail co-op belongs to the members and can be repaid in cash or allocated to member's equity accounts. In 1998 FCL had total sales of $2.3 billion and net earnings of $162 million. In 1998 Saskatchewan co-operatives repaid $34.3 million in cash to individual Saskatchewan members.

Dairyworld Foods (Agri-Foods International Co-operative Ltd.)

Dairyworld Foods was created in 1992, as the result of a merger between three established western Canadian co-operatives: Alpha Milk Company, Dairyland Foods, and Nu-Maid Dairies. At the time of amalgamation, each co-operative was the market leader in its principal area of business. As a result of a second merger in 1996, Dairyworld Foods joined forces with Dairy Producers Co-operative Limited of Regina to create a new organization under the Dairyworld banner. Between 1992 and 1998, Dairyworld added operations in the provinces of Manitoba, Ontario, and Quebec, and in the Maritimes, making them Canada's only national dairy and the largest Canadian dairy co-operative with sales in excess of $1.6 billion.

Credit Union Central and the Saskatchewan Credit Union System

Credit Union Central (CUC), its related companies and strategic partners support credit unions in delivering a full range of financial products and services to Saskatchewan communities. CUC also acts as a trade association, monitors trends and issues in the industry, offers management training and expertise to credit unions and participates in national organizations to represent the interests of the credit union system.

The Saskatchewan credit union system is a major contributor to the provincial economy. Credit union membership represents 551,000, more than half of the province's population. This membership is served by 149 credit unions operating in 336 locations throughout the province. The Saskatchewan credit union system employs 3,135 staff and contributes $104 million in annual salaries.

CUC assists Saskatchewan credit unions in providing a meaningful financial alternative for the people and communities they serve by developing and delivering competitive, client-focused products and services, earning profit to enhance financial stability, creating a climate in which credit unions work together toward common goals, supporting credit unions in their efforts to act on their concern for communities locally, provincially and beyond, and working to strengthen the communities in which staff live and work.

Co-operators Life Insurance

Part of The Co-operators is a group of Canadian companies focusing on insurance. The Co-operators Life Insurance is one of the top 20 life insurers in Canada and is based in Regina, Saskatchewan. They provide life insurance for individuals and families as well as group insurance products, and employ 405 people in Regina.

They are the largest wholly Canadian owned multi-line insurance company. The members are 31 co-operatives, credit unions and similarly structured organizations representing a combined membership of over 4.5 million Canadians. They protect over one million Canadian drivers, 700,000 homes and the lives of 370,000 Canadians. The Co-operators also insure 150,000 employees through group benefit plans, farms and 70,000 businesses.

Co-operative Trust Company of Canada (Co-op Trust)

Co-op Trust originated from the need for credit unions and other financial co-operatives to expand member financial services. Originally incorporated in 1952, the company continues to assist Canadian credit unions in becoming the primary financial service provider to members. Guided by co-operative principles, Co-operative Trust has a long-time history of meaningful contributions to the communities and constituents they serve.

Today, Co-operative Trust strives to be a dynamic industry leader. Their continued success has been achieved through the design and delivery of innovative financial products and the development of strategic partnerships with co-operative and other like-minded organizations that value both the individuals and the communities they serve.

Co-operative Trust operates nationally with a branch network that extends from Vancouver to Halifax. The company manages assets of over $800 million and trustees assets in excess of $8 billion. Their primary products are deposits, mortgages and personal and corporate trust services and all products feature phone and fax support to their team of legislative and administrative experts.

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